

FISCAL NOTE

HB 213 – SB 430

February 26, 2007

SUMMARY OF BILL: Enacts the “Education First Act,” July 1, 2007. Requires the General Appropriations Act to provide funding for education prior to providing funding for the other functions of state government.

ESTIMATED FISCAL IMPACT:

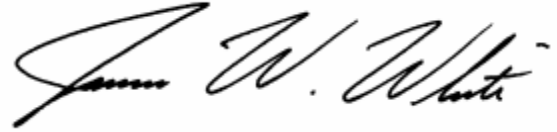
Other Fiscal Impact – A shift of funds from other programs to higher education in the amount of \$177,100,000 to bring higher education funding to 100 percent of the formula amount. In addition to a reduction in expenditures for other state programs in this amount, the state could lose significant federal funding for other functions of state government due to state’s reduced ability to match federal funds.

Assumptions:

- The fiscal impact of this legislation is dependent upon funding needed for kindergarten through grade twelve (K-12) education and for higher education each year.
- The Basic Education Program (BEP) formula related to K-12 education is 100% funded for FY07-08 and no additional funding would be required by the Tennessee Constitution or statute.
- According to THEC, the higher education formula for FY07-08 is funded at approximately 84.3% (or \$952.3 million). To fund the formula at 100% (or \$1,129.4 million), a shift of funds from the General Fund equal to approximately \$177.1 would be required.
- Tenn. Code Ann. § 49-7-202(c)(2)(A) provides that the higher education funding formula is to be "recognized by all state-supported institutions of higher learning in preparing requests for appropriations." Under this bill, higher education institutions would not be limited by overall state budgetary limitations and would seek appropriations at the full formula funding level.
- Enactment of this bill could cause the state to lose significant federal funding for other state functions due to state’s reduced ability to match such federal funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director